

-2-

TREATY OF PEACE AND FRIENDSHIP
BETWEEN
THE GOVERNMENT OF INDIA
AND
THE GOVERNMENT OF NEPAL

The Government of India and the Government of Nepal,
recognising the ancient ties which have happily existed between the
two countries for centuries;

Desiring still further to strengthen and develop these ties
and to perpetuate peace between the two countries;

Have resolved therefore to enter into a treaty of Peace and
Friendship with each other, and have, for this purpose, appointed as
their plenipotentiaries the following persons, namely,

THE GOVERNMENT OF INDIA:

HIS EXCELLENCY SHRI CHANDRESHWAR PRASAD NARAIN SINGH,
Ambassador of India in Nepal.

THE GOVERNMENT OF NEPAL:

MOHUN SHAMSHER JANG BAHADUR RANA, Maharaja, Prime Minister
and Supreme Commander-in-Chief of Nepal,

Who having examined each other's credentials and found them
good and in-due form have agreed as follows:-

Article 1

There shall be everlasting peace and friendship between the
Government of India and the Government of Nepal. The two Governments
agree mutually to acknowledge and respect the complete sovereignty,
territorial integrity and independence of each other.

Article 2

The two Governments hereby undertake to inform each other of
any serious friction or misunderstanding with any neighbouring State
likely to cause any breach in the friendly relations subsisting
between the two Governments.

-3-

Article 3

In order to establish and maintain the relations referred to in Article 1 the two Governments agree to continue diplomatic relations with each other by means of representatives with such staff as is necessary for the due performance of their functions.

The representatives and such of their staff as may be agreed upon shall enjoy such diplomatic privileges and immunities as are customarily granted by international law on a reciprocal basis: Provided that in no case shall these be less than those granted to persons of a similar status of any other State having diplomatic relations with either Government.

Article 4

The two Governments agree to appoint Consuls-General, Consuls, Vice-Consuls and other consular agents, who shall reside in towns, ports and other places in each other's territory as may be agreed to.

Consuls-General, Consuls, Vice-Consuls and consular agents shall be provided with exequaturs or other valid authorization of their appointment. Such exequatur or authorization is liable to be withdrawn by the country which issued it, if considered necessary. The reasons for the withdrawal shall be indicated wherever possible.

The persons mentioned above shall enjoy on a reciprocal basis all rights, privileges, exemptions and immunities that are accorded to persons of corresponding status of any other State.

Article 5

The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.

Article 6

Each Government undertakes, in token of the neighbourly friendship between India and Nepal, to give to the nationals of the other, in its territory, national treatment with regard to participation in industrial and economic development.

-4-

grant of concessions and contracts relating to such development.

Article 7

The Governments of India and Nepal agree to grant, on a reciprocal basis, to the nationals of one country in the territories of the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.

Article 8

So far as matters dealt with herein are concerned, this Treaty cancels all previous Treaties, agreements and engagements entered into on behalf of India between the British Government and the Government of Nepal.

Article 9

This Treaty shall come into force from the date of signature by both Governments.

Article 10

This Treaty shall remain in force until it is terminated by either party by giving one year's notice.

TREATY OF TRADE AND COMMERCE BETWEEN THE
GOVERNMENTS OF INDIA AND NEPAL

The Government of India and the Government of Nepal being desirous of facilitating and furthering trade and commerce between their respective territories have resolved to conclude a treaty of Trade and Commerce and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

The Government of India:

HIS EXCELLENCY SHRI CHANDRESHWAR PRASAD NARAIN SINGH,
Ambassador of India in Nepal.

The Government of Nepal:

MOHUN SHAMsher JANG BAHADUR RANA, Maharaja, Prime Minister
and Supreme Commander-in-Chief of Nepal,

who having examined each other's credentials and found them good and in due form have agreed as follows:-

ARTICLE 1

The Government of India recognise in favour of the Government of Nepal full and unrestricted right of commercial transit of all goods and manufactures through the territory and ports of India as provided in Articles 2, 3 and 4 below.

ARTICLE 2

Subject to such arrangements as may be agreed upon between the two Governments, the Government of India agree to allow all goods imported at any Indian port and intended for re-export to Nepal to be transmitted to such place or places in Nepal as may be approved by the two Governments, without breaking bulk en route and without payment of any duty at any Indian port.

ARTICLE 3

Subject to such arrangements as may be agreed upon between the two Governments the right of passage without payment of excise or import duties shall similarly extend also to goods of Nepalese origin

...in transit

in transit through Indian territory from one approved place to another within the territories of the Kingdom of Nepal.

ARTICLE 4

Subject to such arrangements as may be agreed upon between the two Governments, the Government of Nepal shall enjoy full and unrestricted right of commercial transit, from approved place or places in Nepalese territory, through the territories and ports of India, of all goods and manufactures of Nepalese origin for export outside India.

ARTICLE 5

The Government of Nepal agree to levy at rates not lower than those leviable, for the time being, in India customs duties on imports from and exports to countries outside India. The Government of Nepal also agree to levy on goods produced or manufactured in Nepal, which are exported to India, export duty at rates sufficient to prevent their sale in India at prices more favourable than those of goods produced or manufactured in India which are subject to central excise duty.

ARTICLE 6

The Government of India and the Government of Nepal agree to assist each other, by making available, to the maximum extent possible commodities which are essential to the economy of the other.

ARTICLE 7

The two Governments agree to promote contracts between the trade interests of the two countries and undertake to give every reasonable facility for the import and export of commodities, and in particular to facilitate the use of the routes and methods of transportation which are most economical and convenient.

ARTICLE 8

Civil aircraft of either State shall be permitted to fly over the territory of the other in accordance with normal international procedure.

/.....ARTICLE 9

ARTICLE 9

So far as matters dealt with herein are concerned this Treaty cancels all previous treaties, agreements or engagements concluded between the British Government on behalf of India and the Government of Nepal.

ARTICLE 10

This Treaty shall come into force three months after the date of signature by both parties. It shall remain in force for a period of 10 years, in the first instance, and shall unless terminated by either party by giving notice of not less than one year in writing, continue in force for a further period of 10 years.

MEMORANDUM

(Vide Articles 2 and 3 of the Treaty of Trade and Commerce between Nepal and India)

PART A

The arrangements contemplated in Article 2 of the Treaty of Trade and Commerce between Nepal and India signed on July 31, 1950, shall be as follows:-

(1) When goods are imported for re-export to Nepal, the importer or his agent, shall, at the time of entering them at the Custom House --

- (a) declare that the goods are intended for re-export to Nepal and would not be diverted en route to any other country;
- (b) furnish, in quadruplicate, an invoice of the goods in a prescribed form, certified by a Nepalese officer appointed for the purpose, specifying therein by which authorised land routes the goods are intended to be transported and also the land customs station through which the goods will be taken out of India;
- (c) deposit an amount equal to the duty chargeable under the Indian Customs Tariff, or furnish a bond with the surety of a bank of standing, binding him to pay duty on any portion of the consignment that is not cleared from the custody of the Nepal customs on payment of the (Nepal) customs duty.

(2) On compliance with the above provisions, the goods shall be sealed with the Customs seal and delivered to the owner together with the original copy of the invoice, duly completed and registered. The duplicate and triplicate copy of the invoice shall, at the same time, be forwarded to the land customs officer of the station referred to in paragraph (1) (b) above.

(3) The land customs officer to whom the goods are presented shall examine the seals and, if these are intact, certify that the goods have crossed the Indian frontier with the seals intact. The original copy of the invoice shall be returned to the owner with the goods for presentation to the Customs authorities in Nepal. The duplicate copy, duly endorsed, shall be returned to the Custom House whence it was received, and the triplicate copy, duly endorsed, forwarded to the Indian Embassy in Nepal.

... (4) In order to

(4) In order to secure the refund of the deposit, or cancellation of the bond furnished under paragraph (1) (c), the importer, or his agent, must present an application to that effect supported by the original invoice, duly certified by the land customs officer referred to in paragraph (3) above to the effect that the goods have crossed the Indian frontier and by the Nepal Customs to the effect that they have reached Nepal with the Indian Customs seal intact, and that the packages corresponding with the details in the invoice have been cleared from their custody on payment of customs duty. The certificate by the Nepal Customs shall be countersigned by an officer or officers designated in this behalf by the Government of Nepal. The original invoice should be received in the Customs House within a period of six months; this period may be raised at the discretion of the Indian Customs authority concerned in any case in which it is proved, to its satisfaction, that the delay is due to circumstances beyond the control of the importer.

(5) Before granting the refund of deposit or cancellation of the bond, the officer concerned in the Custom House shall compare the original copy of the invoice received from the importer with the duplicate copy received from the land Customs officer concerned.

PART B

At present the Government of India do not consider it necessary, for reasons of their administrative convenience, to prescribe any arrangements under Article 3 of the Treaty; but if and when Government of India should decide to do so, the arrangements described in Part 'A' will apply mutatis mutandis to the transit of goods under Article 3 of the Treaty.

PART C

The two Governments approve for the purposes of Articles 2 and 3 of the Treaty convenient points, within Nepalese territory contiguous to the following rail heads:--

1. Raxaul.
2. Jogganji
3. Nepalganj
4. Nautanwa.
5. Jayanagar.

MEMORANDUM

(Vide Article 4 of the Treaty of Trade and Commerce
between Nepal and India)

PART A.

The arrangements contemplated in Article 4 of the Treaty of Trade and Commerce between Nepal and India signed on July 31, 1950, shall be as follows:--

(1) Goods of Nepalese origin or manufacture imported into India for subsequent re-export to a country outside India, shall enjoy freedom of transit across the territories of India. This shall include exemption from Indian customs duties, cess or excise duties as well as exemption from compliance with Indian export and import control regulations provided that the exporter or his authorised agent:

- (a) makes a declaration in the prescribed form at the Indian land customs station of entry to the effect that the goods are intended for re-export out of India;
- (b) furnishes in quadruplicate, an invoice of the goods in a prescribed form, countersigned by a Nepalese officer appointed for the purpose, specifying therein by which authorised land routes the goods are intended to be transported and also the port through which the goods will be taken out of India; and
- (c) deposits an amount equal to the duty chargeable under the Indian Customs Tariff, or furnishes a bond with the surety of a bank of standing, binding him to pay duty on any portion of the consignment that is not cleared for export out of India through the Customs House of the port referred to in (b) above.

(2) On compliance with the above provisions, the goods shall be sealed with the seal of the Indian Land Customs station referred to in 1 (a) above and - delivered to the exporter or his agent together with the original copy of the invoice, duly completed and registered. The duplicate and triplicate copy of the invoice shall, at the same time, be forwarded to the Customs House of the port of exit referred to in paragraph 1 (b) above.

(3) The Customs Officer at the port of exit shall, before the goods are re-exported, examine the seals and, if these are intact, certify that the goods have been brought for shipment with the seals

intact.

intact. After the goods have actually been re-exported the original copy of the invoice shall be returned to the owner with a certificate to the foregoing effect for presentation to the Customs authorities, at the land customs station of entry. The duplicate copy, duly endorsed, shall be returned to the land customs station from which it was received, and the triplicate copy, duly endorsed retained in the Customs House for record.

(4) In order to secure the refund of the deposit, or cancellation of the bond furnished under paragraph (1) (c), the exporter or his agent must present an application to that effect supported by the original invoice duly certified by the Customs House of the port of exit referred to in paragraph (3) above to the effect that the goods have been re-exported out of India. The original invoice shall be presented at the land customs station of entry within a period of six months or such extended time as the Customs authority at the port of exit might certify as being due to circumstances beyond the control of the exporter.

(5) Before granting the refund of deposit or cancellation of the bond, the officer concerned in the land customs station shall compare the original copy of the invoice received from the exporter with the duplicate copy received from the Customs House concerned.

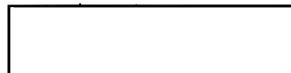
PART B

The two Governments approve for the purpose of Article 4 of the Treaty convenient points within Nepalese territory contiguous to the following rail heads:--

1. Raxaul.
2. Jogbani.
3. Nepalganj.
4. Nautanwa.
5. Jayanagar

.....

Ministry of External Affairs



The Prime Minister of Nepal, Shri M. P. Koirala, on the conclusion of his visit on the invitation of the Government of India to Delhi, is leaving for Kathmandu tomorrow morning.

During his stay, he held discussions with the Prime Minister of India, Shri Jawaharlal Nehru, and several Cabinet Ministers. Matters of mutual interest to Nepal and India, both on the political and economic plane, were discussed.

The talks were held in an atmosphere of friendliness and cordiality.

The Nepalese Ambassador in India and the Secretaries of the Government of Nepal who accompanied the Nepalese Prime Minister also held discussions with senior officials of the Government of India. The Indo-Nepalese Trade Agreement and matters arising out of Nepal's Development Plans were gone into in detail. Information was exchanged as to the progress of these development projects and it was decided that the two Governments should keep in touch with each other on the progress of the various schemes in hand, and others which are in the process of examination.

Agreement was reached on several outstanding questions, including those concerning excise duty and customs falling under the Trade Agreement.

Ministry of External Affairs,
New Delhi, July 22, 1953.

25X1

